

## William D. Ford Federal Direct Loan (DL), Federal Family Education Loan (FFEL), & Campus-Based Programs – SFA Financial Statement Analysis

### How does the SFA Financial Statement Analysis work?

The process involves 6 basic steps:

1. Conduct the Relationship Testing for each program
2. Conduct Sources and Uses of Funds Analysis for each program
3. Conduct other variance analyses for each program
4. Apply supervisory approvals for each program
5. Prepare adjusting entries for OCFO as necessary
6. File all related documents

### What does this document do?

This document establishes the policy and procedures governing the SFA Financial Statement Analysis. The types of analyses consist of the Financial Statement Relationship Testing, Sources and Uses, and Financial Trends & Comparison Analyses.

### What is the policy on SFA Financial Statement Analysis?

Analyses are conducted for the following appropriations; DL – Program (91 0243), Direct Loan – Financing (91 X4253) FFEL – Liquidating (91 X0230), FFEL – Program (91 X0231), FFEL – Financing (91 X4251), SFA – Grants (91 X 0200), Perkins Loans Revolving Funds (91 X 4248), HEAF Clam Reserve (91 X6192), and Program Administration (91 X0800). The **liquidating account** includes loans originated prior to the Federal Credit Reform Act of 1990. The **financing account** is non-budgetary and includes loans originated under the Federal Credit Reform Act. The **program accounts** are budgetary and include operating expenses and subsidy transactions. The **program administration account** includes administrative costs allocated from all programs.

All of the analyses are conducted on a *quarterly basis*.

### Who must follow the procedures in this document?

All members in the Chief Financial Officer (CFO) – Financial Reporting Division (FRD), must comply with these procedures for the process to which it relates.

### 6 Basic steps for the SFA Financial Statement Analysis:

#### 1) Conduct the Relationship Testing for each program As an FRD member you must

**When?**  
On a quarterly basis

- a) Analyze the relationship ratios (See Attachment A)
- b) Research discrepancies
- c) Verify posting of adjustments from prior periods
- d) Document the completion of this process

#### 2) Conduct Sources and Uses of Funds Analysis for each program As an FRD member you must

**When?**  
On a quarterly basis

- a) Analyze the fund balance and related resources
- b) Research discrepancies
- c) Verify posting of adjustments from prior periods
- d) Document the completion of this process

**3) Conduct Financial Trends & Comparison Analyses for each program**

**As an FRD member you must**

**When?**

On a quarterly basis

- a) Analyze the variance for selected data
- b) Research discrepancies
- c) Verify posting of adjustments from prior periods
- d) Document the completion of this process

**4) Apply supervisory approvals**

**As an FRD member you must**

**When?**

On a quarterly basis

- a) Review analyses by DL, FFEL, and C-B Team Leads
- b) Conduct further analyses or research as necessary
- c) Obtain DL, FFEL, and C-B Team Lead approvals and comments
- d) Obtain Director of Financial Reporting approval and comments

**5) Prepare adjusting entries for OCFO as necessary**

**As an FRD member you must**

**When?**

Within 5 business days

- a) Obtain comments on necessary adjustments from related parties
  - i) Accounting Division
  - ii) Budget Services Division
  - iii) Financial Reporting Division
  - iv) OCFO
- b) Submit FMSS Data Input Sheet to OCFO for necessary adjustments
- c) Obtain Director of Accounting approval to the adjustment and submit to OCFO

On a quarterly basis

**6) File all related documents**

**As an FRD member you must**

**When?**

On a quarterly basis

- a) Save the electronic copies of all documents on the *Frd* drive
- b) Submit the original FMSS Data Input Sheet and supporting documents to OCFO

*Attachment A*

**Departmental Financial Statement Relationship Tests**

**CFO Relationship Tests**

- Test 01:** Assets (BS line 1 through 50) = Total Liabilities + Equity (BS line 51 and up)
- Test 02:** Expended Appropriation = Operating Expense
- Test 03:** Unexpended Appropriation = Unobligated Authority (Available and Unavailable) + Undelivered Orders
- Test 04:** Unexpended Appropriation + Expended Appropriation = Appropriation Realized + Recessions
- Test 05:** Expended Authority = Operating Expense
- Test 06A:** Accounts Payable (Exclude Unfunded Accounts Payable) = Expended Authority Unpaid (E)
- Test 06B:** Accounts Payable (Exclude Unfunded Accounts Payable) = Expended Authority Unpaid (CY)
- Test 07:** Expended Authority = Expended Appropriation
- Test 08:** Expended Authority = Cash Disbursement
- Test 09:** Net Position on Balance Sheet = Net Position on The Statements of Changes of Net Position
- Test 10:** Net Cost on The Statement of Net Cost = Net Cost on The Statement of Changes of Net Position
- Test 11:** Net Cost on The Statement of Net Cost = Net Cost on The Statement of Financing
- Test 12:** Imputed Financing = Imputed Cost
- Test 13:** The Change of Net Position on The Statement of Net Position = The Change in Cumulative Result of Operation and The Change in Unexpended Appropriations
- Test 14:** Budgetary Resources on The Statement of Budgetary Resources = Status of Resources
- Test 15:** Spending Authority from Collection & Adjustments on The Stmt of Financing (line 12) = Spending Authority from Collections & Adjust on The Stmt of B/R (line 11).
- Test 16:** Obligation Incurred on The Statement of Budgetary Resources (line 6) = Obligation Incurred on The Statement of Budgetary Resources (line 10).
- Test 17:** Obligation Incurred on The Statement of Budgetary Resources (line 6) = Obligation Incurred on The Statement of Financing (line 11)
- Test 18:** Total Outlays on The Statement of Budgetary Resources = Total GL Acct. 4802, 4902, 4882, 4982, 4222, 4252 through 4277, 4872, and 4972.
- Test 19A:** Unobligated Authority on Statement of Budgetary Resources = SF133
- Test 19B:** Unobligated Authority on The Statement of Budgetary Resources = 2108
- Test 20:** Recoveries on The Statement of Budgetary Resources Agree to SF133
- Test 21A:** Budget Authority on The Statement of Budgetary Resources Agree to SF133
- Test 21B:** Budget Authority on The Statement of Budgetary Resources Agree to SF132
- Test 21C:** Budget Authority on The Statement of Budgetary Resources Agree to 6654
- Test 21D:** Budget Authority on The Statement of Budgetary Resources Agree to Treasury Warrant
- Test 22A:** Unexpended Obligations-Prepaid (GL Acct. 4802XXX) = Receivable (GL Acct. 135003X+1411,1412,1413,1414,1417,1418,1450,1451,1452) (ENDING BALANCE)
- Test 22B:** Unexpended Obligations-Prepaid (GL Acct. 4802XXX) = Receivable (GL Acct. 135003X+1411,1412,1413,1414,1417,1418,1450,1451,1452) (CURRENT YEAR)
- Test 23:** The Change in Allotments (GL Acct. 46XX)= Budgetary Adjustments (GL Acct. 4871 and 4881).
- Test 24:** Unfunded Liabilities on Balance Sheet = Cumulative Result of Operations
- Test 25:** Revenue, Expense and Prior Period Adjustments = Cumulative Result of Operations
- Test 26:** Budgetary Accounts Equals Zero.
- Test 27:** Revenues = Spending Authority from Offsetting Collections (Acct. 4620,4255,426X, and 427X).
- Test 28A:** Allotments Realized for Expired Funds (4610) = Zero.
- Test 28B:** Allotments Realized for Unexpired Funds (4650) = Zero.
- Test 29:** Budgetary Income = Cash Collections
- Test 30:** Current Year Cumulative Result of Operation (GL 3310) on the Pre-Close TB = Zero
- Test 31:** Current Year Cumulative Result of Operation (GL 4201) on the Pre-Close TB = Zero